

UCIDA

Ulster County Industrial Development Agency

**Ulster County Industrial Development Agency
Minutes
December 12, 2012**

A regular monthly meeting of the Ulster County Industrial Development Agency was held at 8:00 a.m., Wednesday, December 12, 2012, Conference Room 108, Business Resource Center, Development Court, Kingston, NY.

The following agency members were present:

Paul Colucci	Assistant Chair/Assistant Secretary – Arrived 8:15 a.m.
Michael Horodyski	Assistant Chair/Assistant Secretary
Robert Kinnin	Assistant Chair/Assistant Secretary
John Morrow	Secretary
David O'Halloran	Chair
Steve Perfit	Treasurer

The following agency members were absent:

James Malcolm	Assistant Chair/Assistant Secretary
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UCDC Staff:

Melinda Beuf

UCIDA Attorney and Bond Counsel:

A. Joseph Scott	Hodgson Russ LLP
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Additional Attendees:

Todd Erling	Hudson Valley AgriBusiness Development Corporation
March Gallagher	Representing the Office of the County Executive
Heather Gockel	Representing The Emerson
Matt Hall	Representing The Emerson
Jeff Kane	Kirchhoff Companies
Mara Kane	Kirchhoff Companies
Joseph Kirchhoff	Kirchhoff Companies
James Maloney	Assessor, Town of Ulster and Chair, Ulster County Economic Development and Tourism Committee
Allen Olsen	Assistant Superintendent – Kingston School District
James Quigley	Supervisor, Town of Ulster
Naomi Umhey	Representing The Emerson

Chair David O'Halloran called the meeting to order at 8:00 a.m.

PLEDGE OF ALLEGIANCE

The members of the Agency participated in the Pledge of Allegiance to the flag.

PUBLIC COMMENT

Chair O'Halloran opened the meeting for Public Comment. There being no individual(s) requesting the privilege of the floor, Chair O'Halloran closed the Public Comment segment of the Agenda.

MINUTES

The minutes of the November 21, 2012 meeting were unavailable. No action was taken.

FINANCIALS

Motion: David O'Halloran, seconded by John Morrow, moved to approve the Financials for the period ending November 30, 2012. A copy of said Financials is on file.

Vote: The motion was adopted. Paul Colucci was absent from this vote.

CORRESPONDENCE

Spotted Dog/Fort Shandaken (The Emerson). Melinda Beuf reported that correspondence was received from the Onteora Central School District pertaining to past due tax bills. A copy of said correspondence is on file. Discussion was postponed to later in the Agenda.

Written Policies Governing the Use of Authority Discretionary Funds. Ms. Beuf reported that correspondence was received from the Authorities Budget Office regarding recommended practices with reference to discretionary funds. A copy of said correspondence is on file. The development of such policy was referred to the Governance Committee for future review/consideration. Counsel Scott stated that for the record his firm would be reviewing and analyzing an appropriate response. Counsel will coordinate with Ms. Beuf.

Email Correspondence Received From the Town of New Paltz. Ms. Beuf reported that correspondence was received from the Town of New Paltz regarding an application that has not been received. A copy of said correspondence is on file. PlanB is the actual email address for Kitty Brown of the Town of New Paltz.

Chair O'Halloran explained that at various times requests for himself, March Gallagher and Melinda Beuf have been extended to attend either the Planning Board or the Town Board meetings of the Town of New Paltz regarding the Park Point Project which is not an applicant before the UCIDA at this time. To the best of his ability he explained that the Agency does not travel, it meets once a month at this location, at this time. In addition, it was communicated that because we do not have an application any or all answers would be general based upon the adopted policies and codes and procedures of the Agency and not anything specific to this application. He reported that he did have a 2:00 p.m. conference call scheduled this afternoon with the Planning Board attorney and Supervisor Susan Zimet. He stated that he will do his best to be general and has explained in advance of this call that he could not speak specifically to the application.

Steve Perfit questioned why the agency was getting involved with this before we have received an application.

Chair O'Halloran responded that Mr. Perfit was exactly right, however, the Agency has to be considerate because they are a taxing authority that we go to for many things. In the past, we have sent administrators and directors to towns and planning boards unsuccessfully; information is miscommunicated and/or misstated and assumptions were made. We are not going to the Planning Board or the Town Board.

March Gallagher thought that once the EIS is adopted as a final environmental impact statement it contains an economic impact analysis in it that makes assumptions about costs to the municipality and the amount of the PILOT which is below the threshold within the UCIDA policies. They are trying to figure out how to reconcile those things and whether or not the town needs to amend the EIS to address the policy levels set in the Agency policies. They have to figure that out under the advice of counsel.

Survey Results. Ms. Beuf reported that the New York State Economic Development Council performed a survey of its members with regard to the economy, particularly manufacturing. Sectors identified as the likeliest to see growth are food processing, tourism, warehouse distribution and pharmaceuticals. A copy of said document is on file.

COMMITTEE REPORTS

Governance Committee. Committee Chair John Morrow reported that the committee had not met, but a meeting has been scheduled for December 18, 2012.

Audit Committee. Committee Chair Steve Perfit reported that the committee had met with the auditors. Once the contract with the county is signed, they will contact the Executive's Office regarding ongoing interface.

Ready2Go. March Gallagher reported that the committee had met via conference call to review the success of the Saugerties site and how to market the site and the review of the draft brochure. It is the intent to put out a call for sites in January. We want to cast a "wide-net" and see what we can pull in and probably be selecting a second site early in the year.

Chair O'Halloran questioned when you speak to working towards marketing this commercial property, does this mean creating some type of collateral; who is selecting the commercial broker so to speak?

Ms. Gallagher responded that collateral was being worked on right now; it will be sent out as widely possible ... i.e. town supervisors, planning board chairs, commercial brokers, etc. They will have this in their hands to hand out to property owners. Ms. Gallagher stated that it is up to the property owner to select the listing agent.

PROJECTS

1561 Ulster Properties, LLC

Chair O'Halloran welcomed the representatives of 1561 Ulster Properties, Joseph Kirchhoff, Mara Kane and Jeff Kane and invited them to present their project to the members of the Agency.

Mr. Jeff Kane, representing Kirchhoff Medical Properties, addressed the members of the Agency. Kirchhoff Medical Properties is the developer; the actual application is in the name of 1561 Ulster Properties, LLC which is a single purpose entity formed for the development of this project. This project is located on Route 9-W immediately across from Adams Fairacre Farms. This is a master plan development site of 15 acres. The application is to bring Mid-Hudson Medical Group a new 84,000 4-story medical office building on the southern end of the site. The initial part of the project is for assistance in the development of the medical group, associated parking, DOT work and access. This is the first step of the master plan; this is the anchor to the site. Nothing happens if Mid-Hudson Medical Group does not move forward. The proposed build-out is 50-60,000 sq. ft. retail, potential for a hotel site, lots of further development on the site if Mid-Hudson Medical Group moves forward.

Mid-Hudson Medical Group is already in the area. They currently have 88 FTE jobs in the county. That has the potential to grow of an additional 80 FTE at full occupancy within the next three years. Currently, they are in a location that the UCIDA has already given financial assistance to at 346 Washington Avenue, which they lease. This project was approved by the Town of Ulster in April, 2012. It has been sitting for 8 ½ months and it needs to get going. The assistance that is being requested from the UCIDA is what will really move this project forward. There are a great many details in the application. A deviated PILOT (20 year) is being requested which will match the lease term of the tenant.

Chair O'Halloran asked Mr. Kane and the other representatives if they were familiar with the Agency's Enforcement Policy.

Mr. Kane responded yes.

Continuing Chair O'Halloran asked if the applicants were clear that in the application that the numbers you state for retained jobs and new jobs to be created are tied to the benefits over time of the PILOT.

Mr. Kane responded that they were very aware.

Discussion included but was not limited to the following:

- What was the 8 ½ month hold-up
 - Many environmental issues, construction costs are up, inflation is pounding on us; it is a balance. It is a balance of trying to get the project under the cap. If we don't get it under the cap, they won't build
- Proposing approximately 73 new full time employees – where are they coming from; what is the anticipation of those jobs
 - Consolidation of medical care to better serve the population; a consolidation of some of the jobs that are already in the county, as well as new jobs coming into this location and new services that aren't currently in the area. They will all be able to be in a single location.
- How are you reconciling the job creation with Mid-Hudson Medical Group
 - Mid-Hudson Medical Group are full partners in this agreement of understanding
 - You are on the hook if Mid-Hudson Medical Group does not build out and perform the job numbers
 - One doctor equals something like eight employees; they are already scouring for new services that are missing in the area.

Chair O'Halloran stressed that the Agency's Enforcement Policy requires that the tenant's leases include the Agency's ability to gather NY-45 forms and jobs numbers. That is part of our internal housekeeping which is required on this type of application.

Chair O'Halloran addressed the issue of the deviated PILOT which is being requested – 20 year PILOT with relative flat with a 2% annual increase. As an IDA, the Agency has adopted PILOTs and a process for a deviated PILOT. This Agency, as a past process, weighs the taxing authority's comment during the public comment period; it is weighed with

greater weight, with a full understanding that that is home-rule weight coming to us on a deviated PILOT because they have not signed off on that previously as they have on our adopted policies which is a part of our Uniform Tax Exemption Policy (UTEP). We first look for "three green lights" ... one each from the town, school district, and the county. Without those three green lights we cannot tell you where the Agency will go because it isn't an adopted policy of ours.

Supervisor James Quigley, Town of Ulster, stated that the project itself is very critical to the redevelopment of the section of Route 9-W north of Route 209/199. The town believes that there is marginal development in that corridor. With a major project like this it is going to change the focus of the development in the town to the region north of 209, which opens up new geography for the town. If you look at the market, 209 south, the town is almost totally built out with very few opportunities for added development at an economic development level. There are a number of options on Route 9-W north; this is key to focusing the retailers that there is a market north of Route 209/199. Retailers think that the retail corridor stops at Route 209 and the traffic just gets on Route 209 and leaves town. They don't realize that there is an active market north of Route 209. The town believes that with this critical mass, particularly anchored by a medical office building destination, is key to driving additional growth in that corridor. With reference to the PILOT, he has had discussions with Joe Kirchhoff and understanding that he has a long term commitment to his tenant in his building which is in excess of the standard 15 year PILOT which is a mismatch; how can we assist him to get the economics worked out to match his maturities. That was the purpose of the twenty year term. From the point of the taxing districts, the 15 year standard PILOT, the local municipalities, including the school district and the county, get zero for the first five years; we need the money now. What was basically done was that collectively we figured out a present value calculation of the cash flow streams over the 20 year period and we blended it out so that the cash flows, whether they be a 15 year or a 20 year standard, 15 year PILOT in 5 years at market rate taxes equals the same present value at a 8% discount rate as the 20 year deviated PILOT, giving the benefit of earlier cash flow to the taxing districts. Supervisor Quigley stated that this was the first time the school district had heard this.

Paul Colucci questioned the \$410,000 environmental clean-up figure in the application. Has that number been solidified?

Mr. Kirchhoff responded that that \$410,000 is just removing the "very dirty soil" and hauling it. The cap that comes with it is per share amount; so if you look at the rest of the site work, i.e. parking, basically what has to be done is take the "very dirty soil" and haul it; it gets capped with over 2 foot of structural material which is clean. That 2 foot layer which is probably in the \$800,000 cost range, that is in other areas of the site plan.

Mr. Colucci asked if they were confident that they have been able to quantify the cost of the clean-up.

Mr. Kirchhoff responded as confident as one can be with a clean-up. It is very hard to tell.

Mr. Perfit asked if the DEC was their partner in this.

Mr. Kirchhoff responded yes.

Mr. Colucci was concerned that if they end up spending another \$1,000,000 on site development work the project may never be built.

Mr. Kirchhoff responded that is a developer's risk; as a rule they were pretty good at doing this.

Robert Kinnin stated his concern that the moving of jobs from active UCIDA project 346 Washington Avenue would cause an enforcement action for that project.

Chair O'Halloran responded that this is certainly something that will need to be addressed. There are two reasons for this consideration, the company needs to expand and offer more services for their group and the projected 80 something new jobs solidifies that point. That is why we are entertaining this consideration.

Mr. Perfit asked Ms. Beuf if she analyzed the impact at the 346 Washington Avenue; because it is going to hurt them.

Ms. Beuf responded that she had not; the PILOT ends in 2017; the jobs that they have on the PARIS report is 11 jobs.

Chair O'Halloran stated that there is a concern and it will be addressed during our public hearing process and a conclusion made by us.

Michael Horodyski agreed that the jobs were important, but it needed to be considered what was actually being cleaned up and the fact that the county would be getting a new medical art facility.

Allen Olsen, representing the Kingston School District, stated that he could not speak on behalf of the Board of Education, but that the project will have to be reviewed.

RESOLUTION AUTHORIZING THE CHIEF EXECUTIVE OFFICER OF ULSTER COUNTY INDUSTRIAL DEVELOPMENT AGENCY TO HOLD A PUBLIC HEARING REGARDING A PROPOSED PROJECT TO BE UNDERTAKEN FOR THE BENEFIT OF 1561 ULSTER PROPERTIES, LLC

Motion: John Morrow, seconded by Michael Horodyski, moved to approve said resolution.

Vote: The motion was adopted.

Wolf-tec/Stavo

Chair O'Halloran reported as of yesterday there was a closing date of December 20, 2012. There is pressure from the seller to close in 2012.

For the record, Chair O'Halloran stated that in order to reconcile the closing documents with our practice, we review underperforming projects when they're 20% off their numbers. The original closing document which was a part of our adopted policies a few years back had that number at 10%, so we amended it in this document to 20% which matches what we and the ABO review for underperformance. When these applications were completed they were completed with total jobs by these corporations, they have been refined to represent the New York State jobs in their Project Benefit Agreement, so each has been adjusted to represent the New York State jobs. Some of these individuals live in other counties, but work at these two locations. Additionally, language that we had talked about for Gross Domestic Product (GDP), if it falls below 0% for a quarter during any given year of an enforcement review, the review for that year would be suspended as far as taking action. He asked that that policy be provided to Governance for all current and future applications.

PROJECT MONITORING AND ENFORCEMENT

Spotted Dog. Ms Beuf reported that there are several issues.

- Correspondence from the Onteora Central School District
 - The March 12, 2012 bill in the amount of \$22,241.26 was paid yesterday; the December 4, 2012 bill was just received and is in their accounting cycle.

- It was requested that copies of the receipt of payment for these two bills be forwarded to the Agency when available
- Review of the job numbers with reference to the applications
 - A copy of the Fort Shandaken/Spotted Dog research is on file
 - Based upon the research, the original jobs from the 2005 application still are applicable; prior personnel had been counting them against the second application which was incorrect, a 48% underperformance is indicated.

Representatives of the project declined to give comment at this time to allow them the opportunity to review the files as they were not part of the original process.

Chair O'Halloran asked representatives about their current employment.

They responded on an average they have approximately 102-105 employees paid on a consistent bi-weekly basis. During the summer months, which are the peak season, employees could jump to approximately 115. 90-95% are full-time employees even though the seasonal ones are just for the tourist season, they are full-time employees.

Chair O'Halloran requested that the representatives supply Ms. Beuf with the internal job hours because the Agency deals with FTE's, which is defined by the Agency as a 35 hour week. That is the first step we need to verify that the numbers are accurate. He invited them to come before the Agency next month to discuss this further.

Ms. Beuf also indicated that the project wants to re-arrange what properties are owned by what holding company. They will follow-up with an outline.

Chair O'Halloran stated that the Agency has adopted an Enforcement Policy for projects that did not have an enforcement policy within their agreement. Specifically, we look at your PILOT moving forward, we look at the difference between the planned jobs that were on your original application and your current jobs and we determine that percentage of underperformance. Potentially, the Agency could act on that adopted policy and reduce the PILOT by that full amount of that percent, however the Agency makes other considerations for things that you have done for the community, generation of sales tax, destination attraction, etc., which enables us to reduce that percent by 50%. It is a year by year basis.

The representatives asked when the Agency established the Enforcement Policy and if there was any notification to current projects about the new Enforcement Policy.

Chair O'Halloran responded no.

Representatives were urged to work with Ms. Beuf regarding the requested employment data for 2011.

TLB Management/Skatetime 209. Chair O'Halloran reminded members that last month they approved a motion to reduce their PILOT. Counsel has provided a draft copy for discussion of the First Amendment to the PILOT Agreement. Copies of said documents are on file.

The members of the Agency authorized that the letter and voluntary agreement (First Amendment to the PILOT Agreement) be sent out.

Hudson Valley Domicile/Hudson Valley Sportsdome. Chair O'Halloran reported that the letter and voluntary First Amendment to the PILOT Agreement was sent out December 11, 2012. Copies of said documents are on file.

Chair O'Halloran reported that he had had a conversation with the proprietor Nick Piazza. They are experiencing some financial challenges, but fully understood what the Agency is doing. Chair O'Halloran would like the permission of the Agency to work with him over the next several weeks to come up with something that will work for us as an Agency and that property and present it to you in January.

John Morrow stated that it was his opinion that at the end of the day, the Agency wants to make every business we deal with successful. He thought it was appropriate that we take that course.

Mr. Colucci stressed the need to be consistent.

There was no objections raised from the membership for the Chair to continue conversations with Hudson Valley Domicile.

Lloyd Park II. Chair O'Halloran reminded members that last month they approved a motion to reduce their PILOT. Counsel has provided a draft copy for discussion of the First Amendment to the PILOT Agreement. Copies of said documents are on file.

The members of the Agency authorized that the letter and voluntary agreement (First Amendment to the PILOT Agreement) be sent out.

Mr. Horodyski stated that Lloyd Park will be in compliance for 2012.

Chair O'Halloran indicated that we would get the letter out and speak again in January.

Lloyd Park I. Ms Beuf reported that she had contacted the county and the outstanding bill had been paid.

Uniform Tax Policy Matrix, PILOT Points Calculator and Enforcement Exemption. All documents were referred to the members of the Governance Committee for review.

2013 AGENCY ADMINISTRATION

Chair O'Halloran presented the county's draft proposal for the 2013 administration of the Agency. A copy of said draft is on file. Chair O'Halloran pointed out the section regarding Termination and the fact that the compensation fees for the services of \$20,000 per year the Agency will begin to build bank account and enable to benefit economic development in a greater degree with the reduced annual cost.

It was Chair O'Halloran recommendation that the members of the Agency authorize him to enter into Agreement with Ulster County, under the Office of Business Services, to handle the Agency's administration for 2013.

Ms. Gallagher stated that the Offices of Business Services welcomes the opportunity, it is appreciated that the UCIDA is taking the Office of Business Services into consideration. She believed that they will be able to provide businesses with a complete package of services. She also noted that even though the Director of Planning will be the one who will actually be signing this contract, the services will really be provided out of the County Executive's office where the Offices of Business Services will be housed. The Office of Business Services will be pulling on expertise of other

departments, including Finance, for example, where there is an entire financial team that will be able to handle the books.

Discussion included, but was not limited to

- Counsel's review of the contract
- If authorized, Mr. O'Halloran would be signing said contract as the Chair of the Agency
- Website – not only maintain the website, but host the website
- With reference to the word County throughout the contract, should it not say Office of Business Services
 - No – because services/expertise will be drawn from other departments as well ... specifically the Finance Department. As well as Marketing
- The County is the contracting obligor
- Indemnification – The Agency will still require Director's and Officer's insurance
- Concern was raised that the contract would give the County Executive the authorization to represent the Agency at various municipal boards/levels.
 - The Agreement would not give the County Executive the authority to represent the Agency at any level - municipal boards or otherwise.
- It was suggested that in 2013 the Agency's meetings be held in different towns
- The new contract will have the county providing municipal taxing entities, PILOT statements that they may include with tax bills

Motion: Steve Perfit, seconded by Robert Kinnin, moved to authorize the Chair to enter into Agreement with Ulster County, subject to legal review, for the 2013 administration of the Ulster County Industrial Development Agency.

Vote: The motion was adopted.

HUDSON VALLEY AGRIBUSINESS DEVELOPMENT CORPORATION

Chair O'Halloran introduced Todd Erling, Executive Director of Hudson Valley AgriBusiness Development Corporation (HVADC). Mr. Erling addressed the members of the Agency. A copy of his presentation is on file.

Discussion included, but was not limited to:

- A copy of the Corporation's financials were requested
- The value of HVADC

- They were very instrumental in assisting determining what Gillette's needs were in their move and transfer – HVADC brought in experts in cold storage
 - Gillette is not only acting as a distributor, but is providing a fee for service pallet storage position for Farm to Table
- Brooks Farms having a problem with animal waste that were in violation
 - HVADC were able to assist with federal funding
- Working on Boice's Diary
- Bread Alone assistance – more local products are being sold at their retail locations
- \$25,000 was budgeted in 2012 Budget for HVADC

Motion: Steve Perfit, seconded by Robert Kinnin, moved that upon receipt of financials, a contract for services in the amount of \$25,000 for Hudson Valley AgriBusiness Development Corporation (HVADC) be approved.

Vote: The motion was adopted.

CEO REPORT

Ms. Beuf reported as follows:

- 20 leads in various stages, 2 pending closings, one application and 17 in informational stages
- Bi-annual visits completed 31 – one scheduled for this afternoon and one not responding (Northeast Center)
- Still on a 30-day CD rollover – Linda Clark will remind Chair to renew CD in January
- Info-Analytics – will receive training tomorrow
- Protocol and changes with what we ask our projects to complete – a copy of said proposed form is attached
 - Define salary at 40 hours
 - In addition, the cover letter should include a paragraph that describes as we know the project, what the jobs number/investment number should be taken directly from the application
 - The board authorized that all letters should be sent certified
- Permission to obtain post office box
- Minor housekeeping matters does not need board approval and can be presented at the next meeting of the Agency

ADJOURNMENT

Motion: David O'Halloran, seconded by Paul Colucci, moved to adjourn the meeting

Vote: The motion was adopted.

The meeting was adjourned.

Respectfully submitted,

John Morrow
Secretary